

**CITY OF WAYLAND**  
**INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT**  
**FOR THE PERIOD**  
**JULY 1, 2013 THROUGH JUNE 30, 2014**

## Table of Contents

	<u>Page</u>
Officials	3
Independent Accountant's Examination Report	4-5
Detailed Recommendations:	6

## City of Wayland

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bradley Roth	Mayor	January 1, 2018
Karole Miller	Council Member	January 1, 2018
Melinda Ullery	Council Member	January 1, 2018
Greg Rich	Council Member	January 1, 2016
Kevin Fort	Council Member	January 1, 2016
Scott Shumaker	Council Member	January 1, 2016
Beverly Conrad	City Clerk	Indefinite
Terry Kaufman	Treasurer	Indefinite
Michael Vance	City Attorney	Indefinite

# **TED M. WIEGAND, CPA**

606 East Madison Street  
Mount Pleasant, Iowa 52641

## Independent Accountant's Examination Report

To the Honorable Mayor  
and Members of City Council:

I have performed an examination of the City of Wayland pursuant to Chapter 11.6 of the Code of Iowa. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Wayland for the period July 1, 2013 through June 30, 2014. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The procedures I performed are summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I reviewed City funds for consistency with the City Finance Committee's (CFC) recommended uniform chart of accounts and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I reviewed the City's fiscal year 2013 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. I reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. I reviewed debt, including revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. I reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.

11. I reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. I reviewed and tested selected receipts for accurate accounting and consistency with the CFC recommended chart of accounts.
13. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the CFC recommended chart of accounts and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. I reviewed transfers between funds for propriety, proper authorization and accurate accounting.
15. I reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
16. I reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various recommendations for the City. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

I was not engaged to and did not conduct an audit of the operations of the City of Wayland, the objective of which is the expression of opinions on financial statements. Accordingly, I do not express opinions on the City's financial statements. Had I performed additional procedures, or had I performed an audit of the City of Wayland, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Wayland and other parties to whom the City of Wayland may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Wayland during the course of the examination. Should you have any questions concerning any of the above matters, I would be pleased to discuss them with you at your convenience.

TED M. WIEGAND, CPA

September 19, 2014

City of Wayland

Detailed Recommendations

For the period July 1, 2013 through June 30, 2014

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that segregation of duties was inadequate for the cash, investments, long term debt, receipts, disbursements, and payroll reporting cycles.

Recommendation – I realize segregation of duties is difficult with a limited number of employees. The City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of financial documentation should be evidenced by the signature or initials of the reviewer and the date of the review.

- (B) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>FY14 Total</u>
Sheldon Miller, Council member, 5% owner of Miller & Sons	Parts and Supplies for Utilities	\$6,223.85

In accordance with Chapter 362.5(k) of the Code of Iowa, the above transactions may represent a conflict of interest since total transactions were more than \$2,500 during the fiscal year and the transactions were not competitively bid.

- (C) Deficit Fund Balances – The TIF fund, E&H Economic Development Revolving Fund, RISE Industrial Park Capital Project Fund, and WIPE Industrial Park Funds had deficit fund balances at June 30, 2014.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

- (D) Timecard Approval – There is no written evidence of approval of employee hours recorded on timecards prior to payroll being processed.

Recommendation – I understand that the City Council reviews and approves employee timecards before payment. I recommend that a City Council member or Mayor initial and date each employee timecard as evidence of this approval, to improve internal control.